



DEPARTMENT OF THE NAVY
Naval Facilities Engineering Command Southeast
Jacksonville, FL 32212-0030

J&A No. [REDACTED]

**UTILITIES ENERGY SERVICE CONTRACT
BLDGS 603, 607, 630, 623, 633, 3220, 3251, 3258, and 3450
LOCATED AT NAVAL AIR STATION PENSACOLA
JUSTIFICATION AND APPROVAL
FOR USING OTHER THAN FULL AND OPEN COMPETITION**

1. Contracting Activity.

The agency is the Department of the Navy. The contracting Activity is Naval Facilities Engineering Command Southeast (NAVFAC SE), Naval Air Station, Jacksonville, Florida. The requiring activity is the Naval Air Station, Pensacola, Florida.

2. Description of the Action Being Approved.

Request approval for the use of other than full and open competition to issue a delivery order under Basic Ordering Agreement N69450-08-G-0115 to the Gulf Power Company. Gulf Power Company is regulated by the Florida Public Service Commission and is the local regulated, franchised electric utility company servicing Northwest Florida. The Basic Ordering Agreement (BOA) was established between the United States of America and Energy Services of Pensacola at Defense Facilities Within Its Service Area for the purpose of installing energy conservation measures and demand side management services to reduce energy consumption at government facilities.

3. Description of Supplies/Services.

Naval Air Station Pensacola, Florida has requested that Public Works Department, Pensacola procure services of Gulf Power Company for the purpose of reducing energy consumption at nine (9) buildings (buildings 603, 607, 630, 623, 633, 3220, 3251, 3258, and 3450) located at NAS Pensacola, Florida. The Utility has provided, as an incentive to the Government, a preliminary feasibility energy audit of those facilities at no cost to the Government identifying potential energy conservation measures. Subject to the provisions of the BOA and the delivery order (to be determined), Gulf Power will provide a comprehensive design for and installation of energy efficient equipment and controls allowing the Government to monitor, manage, and control its energy use, thereby resulting in significant reductions in energy costs. The delivery order will provide energy conservation measures that will include lighting upgrades, Heating, Ventilation and Air-conditioning (HVAC) control upgrades, and chiller replacements. Gulf Power plans to implement a new rebate program before the end of calendar year 2010, offering rebates for all energy conservation measures.

As an additional incentive, the utility will also advance financing costs for the design or implementation of a Utility Energy Services Contract (UESC), to be repaid by the United States and recovered by the Utility under terms no less favorable than those applicable to its most favored customer. Performance by the local servicing utility is required in order to acquire the no-cost preliminary feasibility audit and to obtain financing for the project, neither of which is available through other sources who are not invested in a long-term relationship with the military installations for which they provide utility services as a commodity and for demand side management and energy conservation.

The Government has determined, based on the preliminary feasibility audit, that a delivery order issued to implement the energy conservation measures identified will be cost effective. The Government has made this business case analysis of cost effectiveness during review of the PFA by the local PWD Utilities personnel, FEAD, and the Utility Energy Manager, NAVFAC Product Line Coordinator. Analysis of documentation provided in the PFA (which includes the Life Cycle Cost Analysis form) projects a payment term of less than twelve years, with an annual payment of approximately [REDACTED] with anticipated customer annual savings of approximately [REDACTED]. The savings are calculated at the current NAVFAC commodity rates with an expected increase of approximately 2%-3% per year; therefore, increased savings are projected over the term of the contract. During the design phase of the procurement, the Government will enter into negotiations with Gulf Power Company resulting in a firm-fixed price contract for which it will pay a fair and reasonable price, as determined by the Contracting Officer.

The total estimated value of the delivery order, at the preliminary feasibility audit stage, is approximately [REDACTED] (approximately [REDACTED] with finance costs). Work will be performed over approximately a nine month period from date of award.

4. Statutory Authority Permitting Other Than Full and Open Competition.

Section 2801 of Public Law 102-484 amended 10 United States Code (USC) Section 2865, subsequently amended, renumbered and codified as 10 USC Section 2913(d), authorizes military installations to enter into agreements with gas or electric utilities to design and implement cost-effective demand and conservation programs (including energy management services, facilities alterations, and the installation and maintenance of energy saving devices and technologies by the Utilities) to address the requirements and circumstances of the installation.

Authority exists under 10 USC Section 2304 (c)(5), FAR 6.302-5 allowing for other than full and open competition when "[a] statute expressly authorizes or requires that the acquisition be made through another agency or from a specified source."

5. Rationale Justifying Use of Cited Authority.

Gulf Power Company is a regulated, local servicing utility company and has offered incentives to the Government in the form of free audits and financing; has presented a preliminary feasibility audit to upgrade existing equipment or install new equipment to reduce the amount of energy needed at the facilities identified above, promises to offer a design that will be cost-effective for the Government, and provide post-installation performance verification of the energy usage at the facilities receiving energy conservation measures.

6. Description of Efforts Made to Solicit Offers from as Many Offers as Practicable.

A Notice of Intent was published in Federal Business Opportunities on 16 February 2010 synthesizing the Government's requirement and the intention to award a delivery order under the BOA to one source, Gulf Power Company, for a UESC. The Notice invited interested utilities to identify their interest and ability to meet the requirements stated in the Notice and to submit its corporate capabilities statement for consideration. No response, other than that of Gulf Power Company, was received.

7. Determination of Fair and Reasonable Cost.

The Contracting Officer will determine the delivery order price to be fair and reasonable before issuance of a delivery order.

8. Actions to Remove Barriers to Future Competition.





A Notice of Intent will be issued for all UESC delivery orders.

CERTIFICATIONS AND APPROVAL

TECHNICAL/REQUIREMENTS CERTIFICATION

I certify that the facts and representations under my cognizance which are included in this justification and its supporting acquisition planning documents, except as noted herein, are complete and accurate to the best of my knowledge and belief.

Technical Cognizance:





   
Signature Name (Printed) Phone No. Date

Requirements Cognizance:

   
Signature Name (Printed) Phone No. Date





LEGAL COUNSEL REVIEW

I have determined this Justification is legally sufficient.






   
Signature Name (Printed) Phone No. Date

CONTRACTING OFFICER CERTIFICATION



I certify that this Justification is accurate and complete to the best of my knowledge and belief.

   
Signature Name (Printed) Phone No. Date

REVIEWING OFFICIAL (NFAS 6.304):

  
Signature   Phone No. Date

APPROVING OFFICIAL (NFAS 6.304):

 
Signature  Date